

## ***ABSTRACT***

In this study, an attempt has been made to examine the tendency for changes in liquidity to correlate across financial securities, also termed as commonality in liquidity, in the India, China and Japan using intraday data of last two years. The analysis is carried out in two steps- First; the Principal Component Analysis is used to identify liquidity co-movement across stocks within a given exchange. In the second step, the effects of commonality in liquidity across three emerging markets- The Shanghai Stock Exchange, Nifty Stock Exchange, both of which are order driven markets and that of the Tokyo Stock Exchange, which is a hybrid market is done using the contemporaneous correlation regression analysis. The objective of the paper is to contribute to the existing literature on commonality in liquidity enhancing the effects of its determinants and patterns and to understand various methods to improve the design of markets in order to increase their stability.